Pre-payment of high interest bearing foreign debts

4245. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is proposed to make pre-payment of high interest bearing foreign debts considering huge foreign exchange reserve;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Encouraged by buoyant foreign exchange reserves and low level of domestic as well as international interest rates, Government of India effected premature retirement of high cost sovereign loans amounting to US $ 2.9 billion in 2002-03, US$ 3.8 billion in 2003-04 and US$ 35 million during 2004-05. India's foreign exchange reserves are now around US$ 141 billion. The policy of foreign exchange management aims at maintaining a level of foreign exchange reserves which takes into account not only anticipated current account deficits but also "liquidity at risk" arising from unanticipated capital movements. Thus, the policy for reserve management is judiciously built upon a host of identifiable factors and other contingencies.

Draft guidelines on securitisation of standard assets of banks

4246. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether RBI has announced draft guidelines on securitization of standard assets for banks etc.

(b) if so, the details thereof; and

(c) by when the guidelines would come into effect?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Yes, Sir. The draft guidelines have been put in public domain for feedback by Reserve Bank of India on 4th April, 2005. These guidelines are available on RBI's website *i.e.* www.rbi.org.in/notification. The final guidelines will be issued by RBI shortly after processing the feedback received.